

COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF THE UNION LIGHT,)	
HEAT AND POWER COMPANY TO ADJUST)	CASE NO. 92-346
GAS RATES)	

O R D E R

IT IS ORDERED that Union Light Heat and Power Company ("ULH&P") and the Intervenor in this proceeding shall file no later than February 17, 1993, a witness list and brief summary of each witness's testimony as it relates to the reasonableness of the proposed settlement.

IT IS FURTHER ORDERED that ULH&P shall file the original and 15 copies of the following information with the Commission with a copy to all parties of record no later than February 17, 1993. ULH&P shall furnish with each response the name of the witness who will be available to respond to questions concerning each item of information requested at the public hearing.

1. In the same formats used in Schedules E-4 and E-4.1 of the application, provide proof of revenues based on the proposed rates included in Attachment A of the Joint Stipulation and Recommendation filed February 8, 1993. This proof of revenues should be sufficiently detailed to show the increased revenues proposed for each customer class which results in the total proposed increase of \$4,875,000. As in the referenced schedules, the filing should show the increase in late payment charge revenues

and should include the average rates calculated for discounted transportation service and special contract transportation service.

2. Identify what evidence, if any, in the record supports the rate increase allocations reflected in the proposed settlement.

3. In paragraph 3 of the Joint Stipulation and Recommendation, it is stated that the rates set forth in Attachment A reflect the amortization of ULH&P's downsizing costs beginning April 1, 1993.

a. Provide the amount of the amortization expense for downsizing costs included in the rates. If this expense is already reflected in the record of this case, indicate the location.

b. Explain in detail how the amount for amortization expense was determined. Include all the factors used to make this determination. These factors include, but are not limited to, the number of employees taking early retirement, the number of employees involuntarily separated, the immediate cash outlays paid, and the accrual of other downsizing costs. To the extent this information exists in the record, indicate the location.

c. Explain in detail whether the inclusion of the amortization expense in rates also allows for the inclusion of the unamortized balance for downsizing costs in ULH&P's rate base.

4. In paragraph 4 of the Joint Stipulation and Recommendation, it is stated that the parties have agreed to include an operating expense adjustment and additional annual revenues to recognize Financial Accounting Standards Board ("FASB") Opinion No. 106 costs.

a. Provide the amount of the FASB Opinion No. 106 costs included as an operating expense adjustment and as additional annual revenues. If this expense is already reflected in the record of this case, indicate the location.

b. Explain in detail how the amounts for the FASB Opinion No. 106 costs were determined. Identify all variables and assumptions used to determine the amounts.

c. Explain in detail how ULH&P's transition obligation has been treated in the expense adjustment.

d. Explain in detail how ULH&P's on-going expense for post retirement employee benefits has been treated in the expense adjustment.

5. Provide a detailed explanation of why an expense adjustment related to the recognition of the effects of FASB Opinion No. 106 has been included in the Joint Stipulation and Recommendation, considering the fact that neither ULH&P nor the intervenors proposed such an adjustment in this proceeding.

Done at Frankfort, Kentucky, this 10th day of February, 1993.

PUBLIC SERVICE COMMISSION


For the Commission

ATTEST:


Executive Director